

275.520 Issuance of membership interests and distributions by nonprofit limited liability company prohibited -- Exception for some business entities.

- (1) Unless a nonprofit limited liability company has only business entities formed for a nonprofit purpose as its members, a nonprofit limited liability company shall not have or issue membership interests in the limited liability company, and no distribution shall be paid, and no part of the income or profit of the limited liability company shall be distributed to its members or managers.
- (2) No part of the income or profit of a nonprofit limited liability company shall be distributed to its manager or managers.
- (3) A nonprofit limited liability company may pay compensation in a reasonable amount to its members or managers for services rendered and may confer benefits upon its members in conformity with its purposes, and these payments or benefits shall not be deemed to be a distribution of income or profit.

Effective: June 24, 2015

History: Amended 2015 Ky. Acts ch. 34, sec. 48, effective June 24, 2015. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 9, effective July 15, 2010. -- Created 2007 Ky. Acts ch. 137, sec. 9, effective June 26, 2007.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."